

## Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 COME-00 EB-07 CIAE-00 INR-07

NSAE-00 /024 W

-----037744 220635Z /13

R 220431Z JUN 77

FM AMCONGEN HONG KONG

TO SECSTATE WASHDC 5382

INFO AMEMBASSY BONN

USLO PEKING

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E.O. 11652: N/A

TAGS: ETRD, CH, US

SUBJ: US BUSINESS VISITOR TRADE PROPOSAL TO PRC THROUGH  
CHINA RESOURCES COMPANY

1. ACCOMPANIED BY CONOFF, DONALD NIELSEN OF PASSAVANT CORPORATION, BIRMINGHAM, ALABAMA CALLED ON CHINA RESOURCES COMPANY (CRC) HK REP JUNE 20 TO DISCUSS SALES OF MAGNETIC TAPE MANUFACTURING EQUIPMENT TO THE PEOPLE'S REPUBLIC OF CHINA (PRC).

2. NIELSEN'S APPOINTMENT AT CRC HAD BEEN ARRANGED ON ONE HOUR'S NOTICE AND SINGLE CRC REP MEETING HIM HAD ACCORDING TO NIELSEN HIMSELF, VERY SOPHISTICATED UNDERSTANDING OF MAGNETIC TAPES MANUFACTURING PROCESSES. AFTER INTRODUCTORY PLEASANTRIES, CRC REP ACKNOWLEDGED THAT PRC MUST NOW IMPORT ALL ITS MAGNETIC TAPE, FOR WHATEVER APPLICATION: AUDIO, COMPUTER MEMORY, ETC. CRC REP SAID THAT PRC'S IMMEDIATE INTEREST WAS TO IMPORT COMPLETE PLANT CAPABLE OF MANUFACTURING MAGNETIC TAPE FOR ALL APPLICATIONS AS WELL AS SUITABLE FOR EXPERIMENTS AND PRODUCT DEVELOPMENT. HE ASKED NIELSEN TO PREPARE DETAILED PROPOSAL FOR "SMALLEST" FEASIBLE PLANT AND SEND IT TO BOTH TECHIMPORT AND MACHIMPEX IN PEKING AS WELL AS TO CRC IN HK. NIELSEN AGREED TO DRAFT THE PROSPECTUS AS DIRECTED, THEN ESTIMATED THAT THE PLANT  
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ENVISIONED WOULD COST US\$400,00-500,000 AND COULD PRODUCE 1 MILLION CASSETTES (OR EQUIVALENT) MONTHLY. CRC REP CLAIMED THAT PRC HAD ALREADY RECEIVED ONE PROPOSAL FOR SUCH A PLANT BUT EXPRESSED EAGERNESS TO HAVE PASSAVANT'S SUBMISSION, ESPECIALLY AFTER NIELSEN LISTED PASSAVANT'S CUSTOMERS TO INCLUDE SONY, N.V. PHILLIPS, BASF AND OTHER MAJOR TAPE USERS.

3. NOTEWORTHY TECHNICAL DETAILS RAISED IN DISCUSSION INCLUDED THE FOLLOWING. CRC REP INQUIRED WHETHER PASSAVANT EQUIPMNET COULD COAT TAPE WITH CHROMIUM OXIDE, TO WHICH NIELSEN REPLIED YES BUT THAT DUPONT COMPANY HAD VERY TIGHTLY HELD PATENTS ON ALL PHASES OF PRODUCING THAT COMPOUND. ON ENERGY SUPPLY FOR DRIERS USED IN FINAL STAGES OF TAPE MANUFACTURING, CRC REP SAID THAT ELECTRICITY (220 V 50H AC) WOULD BE PREFERABLE TO STEAM USED IN HIGH-PRODUCTION TAPE PLANTS IN US AND ELSEWHERE. CRC REP SEEMED SURPRISED, ALMOST AMUSED, WHEN TOLD THAT PLANT WOULD NEED ONLY 10 EMPLOYEES TO OPERATE AT FULL CAPACITY.

4. TOWARDS CONVERSATION'S END, QUESTIONS OF PASSAVANT'S NATIONAL IDENTITY AROSE, PASSAVANT CORP/USA BEING A WHOLLY OWNED SUBSIDIARY OF THE GERMAN FIRM PASSAVANT-WEKE MICHELbacher HUETTE. NIELSEN ALLOWED THAT PASSAVANT DID NOT CARE WHETHER IT SOLD TO PRC US-OR FRG-ORIGIN GOODS, WHICHEVER SUITED PRC POLICY AND PRACTICA  
W  
IMS.

5. FINALLY, NIELSEN NOTED THAT OTHER PASSAVANT UNITS SOLD TIMBERING AND WOOD-PROCESSING EQUIPMENT, LARGE-SCALE HYDRAULIC SYSTEMS AND INDUSTRIAL WASTE/POLLUTION MANAGEMENT SYSTEMS. DECLARING INTEREST IN LATTER TWO PRODUCT LINES, CRC REP ASKED TO HAVE RELEVANT PASSAVANT GROUPS SEND HIM LIMITED OFFICIAL USE

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DESCRIPTION OF PRODUCTS AND SERVICES AVAILABLE.  
SULLIVAN

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NNN

## Message Attributes

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**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
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**Disposition Date:** 22 May 2009  
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**Enclosure:** n/a  
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**Original Handling Restrictions:** n/a  
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**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009